

---

Effects of a Turkey-European Union Customs Union and Prospects for the Future

Author(s): Sübidey Togan

Source: *Russian & East European Finance and Trade*, Vol. 36, No. 4 (Jul. - Aug., 2000), pp. 5-25

Published by: Taylor & Francis, Ltd.

Stable URL: <https://www.jstor.org/stable/27749536>

Accessed: 03-01-2019 17:25 UTC

## REFERENCES

Linked references are available on JSTOR for this article:

[https://www.jstor.org/stable/27749536?seq=1&cid=pdf-reference#references\\_tab\\_contents](https://www.jstor.org/stable/27749536?seq=1&cid=pdf-reference#references_tab_contents)

You may need to log in to JSTOR to access the linked references.

---

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <https://about.jstor.org/terms>



JSTOR

*Taylor & Francis, Ltd.* is collaborating with JSTOR to digitize, preserve and extend access to *Russian & East European Finance and Trade*

SÜBİDEY TOGAN

## **Effects of a Turkey–European Union Customs Union and Prospects for the Future**

Turkey's application for association with the European Economic Community (EEC) was made in 1959. According to the Association Agreement, signed in 1963, the association was to be implemented in three stages: a preparatory stage, a transitional stage and a final stage. In 1967, Turkey lodged its application for negotiations on entering the transitional stage. The basic aim of the Additional Protocol to the Ankara Agreement, signed in 1970, was the establishment of a customs union (customs union). In 1995 it was agreed at the Association Council meeting that Turkey would create a customs union between Turkey and the European Union (EU) starting on January 1, 1996.

The purpose of this paper is to study the effects of the customs union with the EU on the Turkish economy, and to analyze the prospects for the future. The paper is organized as follows. The first section studies the trade liberalization effects of the customs union. The second section considers issues related with the introduction of new rules and disciplines. Possibilities for co-operation between the parties are discussed in the third section. The paper concludes with a discussion of prospects for the future.

### **Trade Liberalization**

Prior to the formation of the EU–Turkey customs union, the Turkish economy was highly protected. According to Togan (1997) the average economy-wide nominal protection rate (NPR) during 1994 amounted to 10.22 percent in trade with the EU and 22.14 percent in trade with third countries.

---

Sübiday Togan is affiliated with Bilkent University, Ankara.

*Liberalization of Trade in Industrial Commodities*

According to the stipulations of the Additional Protocol to the Ankara Treaty, Turkish imports from the European community were divided into two lists. Those industrial products in which it was thought that Turkey could achieve international competitiveness relatively early were placed on the 12-year list. Other manufactured products were put on a 22-year list, for which a customs union would not be achieved until 1995. With the formation of the customs union with the EU, Turkey has reduced the nominal protection rates (NPR) for all of the commodities belonging to the 12-year and 22-year lists to zero. Besides these commodities, there are products within the province of the European Coal and Steel Community (ECSC). For these commodities, a free trade agreement (FTA) was signed in December 1995 between Turkey and the EU. The agreement envisioned gradual liberalization of trade in ECSC products over a period of three years. Thus, by 1999 the NPRs for all industrial products were reduced to zero in trade with the EU.

The EU-Turkey Customs Union Decision (CUD) of March 1995 required Turkey to adopt the Common Customs Tariff (CCT) against third country imports by January 1, 1996 and to adopt all of the preferential agreements the EU has concluded with third countries by the year 2001. Trade with third countries by the EU can be studied under trade with countries the EU applies CCT, and trade with EFTA countries, the Mediterranean countries, the Central and Eastern European (CEE) countries, the Baltic countries, developing countries having GSP (Generalized System of Preferences) treatment and the Lomé Convention countries. With each of these country groups the EU has concluded preferential trade agreements. Since Turkey, after the formation of the customs union, will have to apply the European Community's CCT and accept all of the preferential agreements the EU has concluded over time, at the latest by 2001, Turkey within a period of one year will be faced with different sets of tariff rates for different groups of countries. In the case of EFTA countries, Central and Eastern European countries, Baltic countries and Israel (which have FTAs with the EU), the nominal tariff rates that will be applied by Turkey in the year 2001 on imports from these countries will be identical to those applied on imports from the EU.

Togan (1997) has estimated the Turkish NPRs for tradable commodities before and after the formation of the customs union, where the year 1994 refers to the year before and the year 2001 refers to the year after the formation of the customs union. According to the author, the average economy-wide NPR in trade with the EU will go down from 10.22 percent during 1994 to 1.34 percent in 2001. Furthermore, the economy wide average NPR for countries the EU has FTAs with will be reduced from 22.14 percent in 1994 to 1.34 percent in 2001. On the other hand the economy-wide average NPRs for countries like United States, Japan, and Canada will be reduced from 22.14 percent in 1994 to 6.92 percent in 2001, and for GSP beneficiaries from 22.14 percent in 1994 to 2.71

percent in 2001. Finally, it should be emphasized that Turkey, with Article 15 of the CUD, has retained the right to impose until January 1, 2001 customs duties higher than the CCT with respect to third countries for products designated by the Association Council as "sensitive items."

Regarding market access for Turkish exports into the EU market, we note that the EU abolished the nominal tariff rates on imports of industrial goods from Turkey on September 1, 1971. However, certain exceptions were made. The European Community retained the right to charge import duties on some oil products over a fixed quota, and to implement a phased reduction of duties on imports of particular textile products from Turkey. Until the formation of the customs union, Turkish exports of textile and clothing products to the EU were subject to quota restrictions. As a result of the CUD, the quotas facing Turkish exporters of textile and clothing products were eliminated. Thus, the NPRs applied by the EU on imports of all industrial goods from Turkey were reduced to zero by 1999.

### *Liberalization of Trade in Agricultural Commodities*

According to Articles 22–25 of the CUD, Turkey, in order to establish the freedom of movement of agricultural products, will have to adjust its agricultural policy in such a way as to adopt the Common Agricultural Policy (CAP) measures. Studies reveal that substantial resources would have to be channeled into Turkish agriculture in order to adopt the CAP. Since neither Turkey nor the EU would be willing to bear this cost, the idea of Turkey adopting the CAP has to be postponed for some time.

Regarding market access conditions for agricultural commodities, we note that the preferential regime applied by the European Community to the imports of agricultural products originating in Turkey is determined by the Decisions No. 1/72, 1/80, and 1/98 of the EC–Turkey Association Councils of 1972, 1980, and 1998. According to these decisions, almost all of the agricultural commodities originating in Turkey are imported into the European Community free of ad valorem duties, and the EU applies no tariff quotas to those imports. Exceptions are hazelnuts and tomato paste. On the other hand, the preferential regime applied by Turkey to the imports of agricultural products originating in the European Community is determined by Decision No. 1/98 of the EC–Turkey Association Councils of 1998. According to this decision, Turkey grants for a large number of commodities duty-free access to the Turkish market, up to quota limits specified in the decision. Table 1 shows the reduction in tariff rates and the quotas for some of the agricultural commodities specified in Decision No. 1/98 of the EC–Turkey Association Council. It also shows the total imports, imports from the EU, and the share of the EU in total imports of the commodity. The table is ordered according to the value of total imports of the commodities, starting from the highest. The data reveal that for most of the commodities considered in the table, 100 percent tariff reductions will be ap-

Table 1

### Arrangements Applicable to Importation into Turkey of Agricultural Products Originating in the European Union

	Average imports over 1996-97 (US\$)	Average imports over 1996-97 (US\$)	Share of imports from EU in total imports (%)	Reduction of MFN duty by Turkey	Tariff quota (tonnes), Turkey
0412 Other wheat, meslin, unmilled <sup>a</sup>	444,448,625	89,382,487	20.11	100	200,000
0449 Maize, other unmilled <sup>a</sup>	149,322,714	2,558,753	1.71	100	52,000
0612 Other beet, cane sugar	133,577,706	79,624,448	59.61	20%, max. 50%	80,000
4215 Sunflower seed oil, etc.	120,894,449	7,734,309	6.40	100	18,000
0423 Rice, milled, semi-milled	79,831,011	4,063,963	5.09	100	28,000
4113 Animal oil, fat, greas., nes.	78,434,669	7,369,649	9.40	100	3,000
4211 Soybean oil, fractions	77,650,990	51,178,167	65.91	100	62,000
0011 Bovine animals, live <sup>1</sup>	76,236,002	54,872,910	71.98	100	unlimited
0411 Durum wheat, unmilled <sup>a</sup>	33,741,108	5,565,932	16.50	100	100,000
0819 Food waste, animal feeds	21,867,313	14,656,847	67.03	100	7,000
2926 Bulbs, cuttings, live plant	17,970,049	15,734,147	87.56	100	200
0112 Bovine meat, frozen	11,093,789	10,937,532	98.59	50% reduction wt. max. duty: 1998, 43%; 1999, 37%; from 2000, 30%	5,000
0430 Barley unmilled <sup>a</sup>	8,365,399	5,307,664	63.45	100	46,000
0230 Butter, other fat of milk	6,591,840	4,309,921	65.38	100	3,000
2223 Cotton seeds	6,078,517	2,683,911	44.15	100	1,500
0541 Potatoes, fresh, chilled	6,065,749	5,039,604	83.08	100	5,000
0579 Fruit, fresh, dried, nes. <sup>7</sup>	5,196,575	1,739,435	33.47	100	3,000
0741 Tea	4,370,388	264,412	6.05	max. duty 45%	200
4217 Rape, colza, mustard oil	4,335,667	4,335,667	100.00	100	10,000
0249 Other cheese; curd	3,869,181	1,589,397	41.08	100	2,000
0223 Milk products <sup>2</sup>	1,880,885	1,790,100	95.17	100	1,500
2924 Plants, pharmaceuticals, perfume, etc.	821,904	133,738	16.27	100	3,000
0574 Apples, fresh	723,520	54,069	7.47	100	1,000
2927 Cut flowers, foliage	627,632	516,040	82.22	100	200
0242 Processed cheese, whole	559,274	531,468	95.03	100	300
0451 Rye, unmilled <sup>a</sup>	124,134		0.00	100	20,000
0544 Tomatoes, fresh, chilled	14,128	10,610	75.10	100	1,500

Source: "Decision 1/98 of the EC-Turkey Association Council," *Official Journal of the European Communities* (March 20, 1998).

#### Notes

1. The tariff quota on "live bovine animals, other than pure breeding animals, of a weight from 80 to 160 Kg" is 2,000 tonnes and that on "live bovine animals, other than pure breeding animals, other than those of a weight from 80 to 160 Kg" is 1,500 tonnes.

2. For "milk and cream in powder, granules or other solid forms, of a fat content by weight, not exceeding 1.5%" the quota is 1,500 tonnes and for "milk and cream in powder, granules or other solid forms, of a fat content exceeding 1.5% not containing added sugar of other sweetening matter" the quota is 2,500 tonnes.

3. The quota for "peaches" is 1,000 tonnes, for "tamarinds, cashew apples and lycheess" 1,000 tonnes, for "passion fruit and carambola" 500 tonnes, and for "other fruit" 500 tonnes.

4. The quota on durum wheat, other than durum wheat, rye and barley applies from September 1 to May 31. The quota on maize applies from December 1 to May 31.

Table 2

**Value Added and Employment in Turkey**

	Average value added (1993-95) 1987 prices (billion TL)	Average value added (1997-98) 1987 prices (billion TL)	Annual growth rate of value added 1990-95	Annual growth rate of value added 1996-98	Average employ- ment, 1993-95 (thousands)	Average employ- ment, 1997-98 (thousands)	Annual growth rate of employ- ment, 1990-95	Annual growth rate of employ- ment, 1996-98
Agriculture	14,463	15,552	0.61	2.84	9,526	9,098	-1.48	-3.00
Industry	26,260	33,165	4.03	5.94	3,157	3,638	1.35	2.98
Mining, quarrying	1,521	1,715	-0.26	6.78	146	158	-1.79	-5.80
Manufacturing	22,166	28,002	3.95	6.00	2,904	3,341	1.44	3.13
Electricity, gas, water	2,573	3,447	7.43	5.01	107	115	5.45	12.04
Services	55,868	65,656	3.46	5.34	7,774	8,590	1.28	2.49
TOTALS	97,239	114,372	3.16	5.15	20,462	21,326	0.00	0.12

Source: "Temel Ekonomik Göstergeler" (Main Economic Indicators), State Planning Organization, Ankara.

plied on imports from the EU, up to the quota limits. Thereafter, the relatively high "out of quota" tariff rates will apply. Furthermore, it should be noted that NPRs on food products in trade with the EU remain positive after the formation of customs union because of CUD Articles 17-21 on processed agricultural products. The CUD determines the percentage of prices of processed agricultural commodities that are "agricultural," in contrast to the percentage that is "industrial," and states that the "industrial" component of processed agricultural products will enter Turkish markets duty free, and that Turkish protection will apply to the "agricultural" component of these commodities.

***Effects of Trade Liberalization***

Table 2 shows the value-added and employment data for the period before and after the formation of the customs union. As for the pre-customs union period, we consider the average figure for 1993-95; and for the post-customs union period, the average figure for 1997-98. The table reveals that during the period considered, real GDP increased by 17.6 percent and total employment by 4.2 percent. In manufacturing sector, value added increased by 26.3 percent and employment by 15 percent. The 3.16 percent annual growth rate of value added during the period before the formation of customs union increased to 5.15 percent after the formation of the customs union. Similarly, the 0 percent pre customs union employment growth rate increased to 0.12 percent after the formation of customs union.

Table 3 shows the disaggregated data on value added and employment in the manufacturing sub-sectors. The data are based on three-digit "ISIC" industrial statistics collected by State Institute of Statistics. The table, which covers all public enterprises and private enterprises with ten or more employees, reveals that in terms of value added the most important sectors are Petroleum Refineries, Textiles, and Transport Equipment; and that in terms of employment, the important sectors are Textiles, Food Products, and Wearing Apparel. The table also shows that value added over the period 1993–98 increased considerably in the sectors of Furniture, Leather Products, and Other Manufactured Products, and that it decreased in the sectors of Pottery, Tobacco, and Beverages. Similarly, the highest increases in employment over the period 1993–98 occurred in the Furniture, Plastic Products, and Textiles sectors, while the largest decreases occurred in the Pottery, Tobacco, and Industrial Chemicals sectors.

Tables 4–6, summarizing the developments in exports and imports over the period 1990–97, are based on four-digit SITC trade statistics obtained from the State Institute of Statistics. In the tables, the commodities have been aggregated into 16 sectors. The tables reveal the following aspects:

#### *Exports*

- In 1998, the share of exports to the EU in total merchandise exports amounted to 50.4 percent. Over the period 1990–98, total exports increased at the annual rate of 9.83 percent. Over the same period, while exports to the EU increased at the annual rate of 8.25 percent, exports to non-EU countries increased at the annual rate of 11.51 percent.
- During 1998, the three commodities with the highest export shares, as part of total exports to the EU, were Clothing, Food, and Textiles. These three commodities accounted for 64.6 percent of exports to the EU during 1998. During the same period, the three commodities with the highest export shares in trade with non-EU countries were Food, Clothing, and Textiles. These three commodities accounted for 52 percent of exports to non-EU countries during 1998.
- The three commodities with the highest export growth rates over the period 1990–98 in trade with the EU were Power Generating Machinery, Other Transport Equipment, and Other Non-electrical Machinery. On the other hand, the three commodities with highest export growth rates over the period 1990–98 in trade with non-EU countries were Power Generating Machinery, Automotive Products, and Other Consumer Goods.
- The growth rate of exports to the EU over the period 1990–98 exceeded the growth rate of exports to non-EU countries over the same period in the cases of Other Transport Equipment, Power Generating Machinery, Iron and Steel, Other Products, and Electrical Machinery and Apparatus. In the cases of all

Table 3

## Value Added and Employment in Manufacturing Sector

ISIC	Commodities	Value added 1997 (million TL)	Sectoral share (%)	Annual growth rate of value added 1993–98	Employment 1997	Sectoral share (%)	Annual growth rate of employment 1993–98
311	Food products	442,302,439	7.06	−0.87	113,909	9.98	3.04
312	Food products not elsewhere specified	113,721,537	1.82	6.82	29,373	2.57	−2.63
313	Beverages	110,153,486	1.76	−10.43	11,529	1.01	−3.80
314	Tobacco	83,970,525	1.34	−12.42	22,682	1.99	−6.61
321	Textiles	790,322,040	12.61	6.96	278,031	24.37	9.53
322	Wearing apparel, except footwear	235,825,264	3.76	6.76	101,170	8.87	5.10
323	Leather products	24,618,508	0.39	19.86	9,221	0.81	8.21
324	Footwear, except rubber and plastic	24,061,531	0.38	7.24	10,449	0.92	6.80
331	Wood products, except furniture	37,347,161	0.60	−0.25	13,132	1.15	−2.63
332	Furniture, except metal	35,033,948	0.56	24.04	12,239	1.07	11.86
341	Paper and products	68,603,477	1.09	−4.95	17,937	1.57	1.91
342	Printing and publishing	119,689,223	1.91	−0.03	15,027	1.32	1.79
351	Industrial chemicals	233,519,262	3.73	2.04	22,068	1.93	−4.25
352	Other chemicals	397,287,625	6.34	5.49	34,827	3.05	6.73
353	Petroleum refineries	874,319,127	13.95	8.33	4,941	0.43	−0.87
354	Misc. products of petroleum and coal	59,858,658	0.96	2.98	4,722	0.41	2.45
355	Rubber products	116,121,647	1.85	3.41	14,354	1.26	0.88
356	Plastic products	109,485,469	1.75	12.10	25,869	2.27	10.46
361	Pottery, china and earthenware	37,433,702	0.60	−14.26	7,336	0.64	−7.20
362	Glass and products	89,695,047	1.43	3.16	13,480	1.18	5.40
369	Other non-metallic mineral products	297,247,266	4.74	1.01	53,270	4.67	4.06
371	Iron and steel	485,826,960	7.75	−0.11	50,631	4.44	−2.64
372	Non-ferrous metals	62,891,847	1.00	0.39	13,717	1.20	−1.10
381	Fabricated metal products	246,588,367	3.94	9.44	61,154	5.36	8.00
382	Machinery, except electrical	280,812,700	4.48	2.79	53,538	4.69	1.28
383	Electrical machinery	330,734,785	5.28	2.56	58,394	5.12	6.71
384	Transport equipment	497,633,761	7.94	2.98	73,336	6.43	0.71
385	Professional and scientific equipment	33,766,206	0.54	8.65	6,682	0.59	5.66
390	Other manufactured products	26,543,880	0.42	18.46	7,851	0.69	8.29
3	Manufacturing industry	—	100.00	3.50	1,140,869	100.00	4.05

Source: State Institute of Statistics.



Table 4

## Basic Data on Exports

SITC	Commodity	Turkish exports 1998 (million \$)	Turkish exports to EU in 1998 (million \$)	Turkish exports to non-EU in 1998 (million \$)	Share of exports to EU during 1993-94	Share of exports to EU during 1997-98	Growth rate of exports to EU during 1990-98	Growth rate of exports to non-EU during 1990-98	Ratio of average 1997-98 exports over average 1993-94 exports
0+1+4+22	1 Food	4,669	1,862	2,807	40.82	39.56	6.40	6.17	1.32
2-22-27-28	2 Agricultural raw materials	347	188	159	56.30	55.36	0.92	0.41	1.21
27+28+3+68	3 Mining products	1,028	464	564	56.89	44.50	4.75	1.13	1.56
67	4 Iron & steel	1,824	435	1,390	5.98	22.25	5.27	15.61	1.02
5	5 Chemicals	1,126	266	860	31.28	24.20	8.18	4.53	1.71
6-65-67-68	6 Other semi-manufactures	1,714	719	995	42.19	41.84	12.84	11.92	1.75
71-713	7 Power generating machinery	158	73	85	53.72	46.20	35.35	43.82	3.91
72+73+74	8 Other non-electrical machinery	576	238	337	30.91	39.49	20.73	20.79	2.10
75+76+776	9 Office machines & telecommunications equipment	826	713	113	67.47	83.16	11.78	10.69	3.23
77-776-7783	10 Electrical machinery & apparatus	646	433	213	52.59	59.37	18.23	19.22	1.69
78-785-786+7132+7783	11 Automotive products	797	278	519	33.86	35.28	24.01	19.98	2.50
79+785+786+7131+7133+7138+7139	12 Other transport equipment	368	318	50	57.32	65.79	17.85	27.76	2.05
65	13 Textiles	3,350	1,787	1,563	53.35	51.40	12.40	8.45	1.77
84	14 Clothing	6,711	4,563	2,148	75.28	67.06	9.77	6.83	1.50
8-84-86-891	15 Other consumer goods	1,083	361	722	42.40	31.82	19.96	11.33	2.05
9+891	16 Other products	14	11	4	65.84	68.96	19.59	20.16	2.48
Totals		25,237	12,708	12,530	48.60	48.51	9.83	8.25	1.54

Source: Author's calculations, based on data provided by the State Institute of Statistics.

Table 5

## Basic Data on Imports

SITC	Commodity	Turkish imports 1998 (million \$)	Turkish imports from EU in 1998 (million \$)	Turkish imports from non-EU in 1998 (million \$)	Share of imports from EU during 1993-94	Share of imports from EU during 1997-98	Growth rate of imports during 1990-98	Growth rate of imports from EU during 1990-98	Growth rate of imports from non-EU during 1990-98
0+1+4+22	1 Food	2,309	474	1,836	19.91	20.12	8.26	6.02	9.13
2-22-27-28	2 Agricultural raw materials	1,983	633	1,350	32.07	33.20	12.70	11.13	13.56
27+28+3+68	3 Mining Products	6,416	859	5,557	17.78	14.13	5.40	8.95	4.90
67	4 Iron & steel	2,230	899	1,331	45.38	43.27	8.71	5.84	11.39
5	5 Chemicals	6,571	4,189	2,382	61.90	64.40	12.36	13.44	10.60
6-65-67-68	6 Other semi-manufactures	2,270	1,659	611	72.91	73.51	12.03	12.41	11.04
71-713	7 Power generating machinery	1,080	487	593	48.10	43.79	15.40	13.20	17.46
72+73+74	8 Other non-electrical machinery	4,420	3,303	1,117	72.50	73.14	10.05	10.02	10.10
75+76+776	9 Office machines & telecommunications equipment	2,728	1,763	965	51.53	63.13	10.69	15.92	4.73
77-776-7783	10 Electrical machinery & apparatus	1,338	995	343	66.29	72.40	8.86	9.79	6.70
78-785-786 +7132+7783	11 Automotive products	4,028	2,899	1,129	64.54	72.33	17.66	19.47	13.50
79+785+786+7131 +7133+7138+7139	12 Other transport equipment	1,238	520	719	40.98	40.70	11.05	12.07	10.23
65	13 Textiles	2,194	967	1,227	32.02	45.26	20.94	21.59	20.35
84	14 Clothing	218	165	53	73.36	72.01	34.28	33.79	35.69
8-84-86-891	15 Other consumer goods	2,194	1,419	775	63.66	64.69	13.25	14.35	11.40
9+891	16 Other products	240	120	119	18.88	51.35	18.69	15.88	25.61
Totals		41,458	21,352	20,106	47.02	51.35	10.79	12.64	9.04

Source: Author's calculations based on data provided by State Institute of Statistics.

Table 6

**Exports to and Imports from the European Union, with Highest Increases During 1993-98**

SITC	Commodities	Average 1997-98 exports to EU (US\$)	1997-98 exports to EU over average 1993-94 exports to EU	SITC	Commodities	Average 1997-98 imports from EU (US\$)	1997-98 imports from EU over average 1993-94 imports from EU
7753	Domestic dishwashing machines	17,923,942	24,3863.15	2771	Industrial diamonds	5,387,686	77.84
2783	Sodium chloride, etc.	34,345,164	1,902.30	8973	Gold, silver jewelry	30,595,599	47.40
6861	Zinc, zinc alloy, unwrought	7,419,705	1,281.91	1212	Tobacco, stemmed, stripped	9,946,660	44.36
411	Durum wheat, unmilled	12,469,176	595.51	6592	Carpets, etc., knotted	5,436,423	40.40
7149	Parts, jet, gas turbine engines	7,933,395	239.32	8711	Binoculars, telescopes, etc	17,334,955	27.02
5222	Other chemical elements	31,879,021	189.30	7628	Other radio receivers	14,646,304	24.29
7165	Generating sets	9,503,088	125.50	567	Vegetables, prepared, preserved, nes.	6,762,015	16.78
6733	Flat cold-rolled, production iron	61,618,686	118.42	7611	Color television receivers	58,560,314	14.56
6726	Semi-finished iron, steel	24,130,239	70.87	7121	Steam, vapor turbines	22,370,569	14.37
4214	Olive oil, etc.	37,923,584	46.21	7112	Auxiliary boiler, plant, condenser	21,635,470	13.74
7929	Parts, nes., aircraft equipment	6,070,797	19.92	8424	Dresses	5,062,827	13.50
5423	Medicaments, alkaloid, etc	5,199,558	16.88	8448	Underwear, nightwear, etc	5,476,733	13.45
6115	Sheep, lambskin, leather	10,584,122	14.25	8514	Other footwear, leather uppers	41,949,615	13.01
7821	Goods vehicles	5,746,121	13.22	8513	Footwear, nes., rubber, plastic	6,130,023	12.96
3341	Motor oil, gasoline, light oil	27,460,450	12.94	2882	Other non-ferrous metal waste	15,400,949	12.89
5414	Vegetable alkaloids, exc. grp.	10,371,338	12.43	7821	Goods vehicles	276,031,286	12.79
6793	Other tubing 4406.4mm+, iron, steel	5,808,436	10.63	8912	Bombs, mines, missiles, ammunition, etc.	55,648,854	12.34
7751	Household laundry equipment	12,271,442	10.21	6539	Pile chenille fabric, manmade	15,446,884	12.28
6712	Pig iron, etc., primary form	11,039,956	8.87	8454	T-shirts, other vests, knit	9,584,663	12.01
5743	Polycarbonates, etc.	25,397,224	8.13	8515	Other footwear, textile upper	7,900,583	11.78
2875	Zinc ores, concentrates	13,279,113	7.65	2816	Iron ore agglomerates	19,406,914	11.75
7526	Input/output units	5,469,623	7.62	2224	Sunflower seeds	7,148,804	11.59
7169	Parts, nes. rot., electrical plant	8,175,671	7.21	7224	Wheeled tractors, nes.	41,486,056	11.30
7527	Storage units, data processing	6,039,612	7.14	6533	Fabric <85% syn. stp. fiber + cotton	15,591,763	10.80
3343	Gas, oils	13,241,489	7.05	5533	Hair preparations	40,284,841	10.62
6912	Aluminum structures, parts	7,306,341	6.88	7741	Electro-medical equipment	45,800,821	10.55
6651	Containers, glass	7,108,789	6.81	8512	Sports footwear	10,308,975	10.24
7812	Passenger transport vehicles	11,182,086	6.21	6594	Carpets, etc., tufted	23,282,314	10.19
7852	Bicycles, etc., non-motorized	13,735,326	6.06	7832	Road tractors, semi-trailers	239,781,516	8.56
6661	Ceramic household articles	11,674,038	5.16	8453	Jerseys, pullovers, etc., knit	19,250,399	8.49

Source: State Institute of Statistics.

Note: The list refers to commodities with a minimum of \$5 million worth of exports and imports.

other commodities, the growth rate of exports to non-EU countries exceeded the growth rate of exports to the EU.

- The average 1997–98 level of exports to the EU and non-EU countries were 54 percent above the average 1993–94 level of exports to the EU and non-EU countries.
- The share of exports to the EU over total exports of the commodity increased in the case of Iron and Steel, Office Machines and Telecommunications Equipment, Other Non-electrical Machinery, Other Transport Equipment, Electrical Machinery and Apparatus, Other Products, and Automotive Products. In all other cases, the share of exports to the EU over total exports of the commodity decreased.

### *Imports*

- In 1998, the share of imports from the EU as a part of total merchandise imports amounted to 51.5 percent. Over the period 1990–98, total imports increased at the annual rate of 10.79 percent. Over the same period, while imports from the EU increased at the annual rate of 12.64 percent, imports from non-EU countries increased at the annual rate of 9.04 percent.
- During 1998, the three commodities with highest import shares as a part of total imports from the EU were Chemicals, Other Non-electrical Machinery, and Automotive Products. These three commodities accounted for 48.7 percent of imports from the EU. On the other hand, the three commodities with highest import shares of total imports from non-EU countries were Mining Products, Chemicals, and Food. These three commodities accounted for 48.6 percent of imports from non-EU countries during 1998.
- The three commodities with highest import growth rates over the period 1990–98 in trade with the EU were Clothing, Textiles, and Automotive Products. On the other hand, the three commodities with the highest import growth rates over the period 1990–98 in trade with non-EU countries were Clothing, Other Products, and Textiles.
- The growth rate of imports from the EU over the period 1990–97 exceeded the growth rate of imports from non-EU countries over the same period in the case of Office Machines and Telecommunications Equipment, Automotive Products, Mining Products, Electrical Machinery and Apparatus, Other Consumer Goods, Chemicals, Other Transport Equipment, Other Semi-manufactures, and Textiles. In the case of the remaining commodities, the growth rate of imports from non-EU countries exceeded the growth rate of imports from the EU.
- While average 1997–98 imports from the EU were 86 percent above the average 1993–94 level of imports from the EU, average 1997–98 imports from non-EU countries were 57 percent above the average 1993–94 level of imports from non-EU countries.

- The share of imports from the EU over total imports of the commodity decreased in the case of Power Generating Machinery, Mining Products, Iron and Steel, Clothing, and Other Transport Equipment. In all other cases, the share of imports from the EU over total imports of the commodity increased. The largest increases occurred in the case of Other Products, Textiles, and Office Machines and Telecommunications Equipment.

Table 6 shows the four-digit SITC commodities ordered in descending order, according to the value of the ratio of average 1997–98 exports to the EU (imports from the EU) to average 1993–94 exports to the EU (imports from the EU). The table is restricted to commodities with a minimum of \$5 million worth of exports (imports). The table shows that the most dynamic Turkish exports to the EU included dishwashing machines, semi-finished iron and steel, passenger transport vehicles, and bicycles. On the other hand the most dynamic imports included color television receivers, certain clothing products, sports footwear, goods vehicles, and electro-medical equipment. Table 7 shows the four-digit SITC clothing products ordered in descending order, according to the value of the ratio of average 1997–98 exports to the EU (imports from the EU) to average 1993–94 exports to the EU (imports from the EU). Consideration of the table reveals that the elimination of quotas by the EU did not lead to substantial increases of Turkish exports of clothing products to the EU. On the other hand the NPRs on clothing products prior to the formation of customs union were very high (Togan 1997). With the elimination of these high tariffs as a result of the CUD, Turkish imports of clothing products increased considerably.

The above considerations reveal that exports from Turkey were in general not affected by the formation of the customs union. This result had already been expected, as there has been no substantial change in market access conditions for Turkish exports into the EU. On the other hand, we note that in the case of imports the market access conditions for the EU and non-EU exporters to the Turkish market have increased substantially. As a result of the increased market access conditions into the Turkish market, both the imports from the EU and non-EU countries have increased substantially. The imports from the EU have increased more than imports from non-EU countries.

Regarding the welfare effects of Turkish trade liberalization, Hartler and Laird (1999) noted that the welfare of members of a customs union are proportional to the size of pre-existing trade between customs union members, the depth of the cut of trade barriers between members, and the import demand elasticities for goods on which barriers are being reduced. They emphasize that Turkey satisfies most of the criteria for the customs union to be welfare enhancing. As a result, one would expect Turkey to benefit from the CUD. Quantitative estimates of the welfare effects of trade liberalization have been provided by Harrison et al. (1996), who estimated the welfare gain for Turkey to be in the range of 1.0 to 1.5 percent of GDP per year.

Table 7

## Exports to and Imports from the European Union of Clothing Products During 1993-98

SITC	Commodities	Average 1997-98 exports to EU (US\$)	1997-98 exports to EU over average 1993-94 exports to EU	SITC	Commodities	Average 1997-98 imports from EU (US\$)	1997-98 imports from EU over average 1993-94 imports from EU
8482	Plastic, rubber apparel, etc.	542,998	3.49	8441	Overcoats, other coats, etc.	1,311,218	17.11
8452	Garments, felt, textile fabric	7,721,006	2.73	8447	Blouses, shirt-blouse, etc.	2,140,409	15.15
8469	Other made-up clothing accessories	3,483,350	2.50	8448	Underwear, nightwear, etc.	5,476,733	13.45
8441	Overcoats, other coats, etc.	8,509,588	2.48	8483	Articles, accessories, fur	2,092,841	13.23
8455	Brassieres, corsets, etc.	14,649,607	2.37	8454	T-shirts, other vests, knit	9,584,663	12.01
8451	Babies' garments, clothing, accessories	67,972,365	1.85	8453	Jerseys, pullovers, etc., knit	19,250,399	8.49
8454	T-shirts, other vests, knit	725,239,518	1.80	8442	Suits, dresses, skirts, etc.	6,437,850	7.92
8453	Jerseys, pullovers, etc., knit	809,982,133	1.70	8455	Brassieres, corsets, etc.	5,261,058	6.82
8462	Hosiery, etc., knitted	191,158,970	1.68	8451	Babies' garments, clothing, accessories	2,104,890	6.01
8484	Headgear, fittings, nes.	1,351,708	1.41	8456	Swimwear	2,652,718	3.72
8447	Blouses, shirt-blouse, etc.	125,660,146	1.39	8459	Other garments, knit	1,256,338	3.52
8456	Swimwear	5,993,383	1.29	8481	Leather apparel, accessories	6,187,013	3.17
8483	Articles, accessories, fur	33,625,694	1.14	8482	Plastic, rubber, apparel, etc.	3,535,779	3.15
8448	Underwear, nightwear, etc.	223,483,974	1.08	8452	Garments, felt, textiles, fabric	666,077	2.91
8461	Accessories, not knitted	6,277,918	1.04	8462	Hosiery, etc., knit	5,049,565	2.91
8442	Suits, dresses, skirts, etc.	346,335,190	0.89	8461	Accessories, not knitted	7,466,953	2.77
8458	Other garments, not knitted	41,339,303	0.63	8458	Other garments, not knitted	1,619,140	2.72
8481	Leather apparel, accessories	204,419,637	0.61	8484	Headgear, fittings, nes.	1,520,414	2.40
8459	Other garments, knit	62,412,380	0.60	8469	Other made-up clothing accessories	3,737,235	1.84

Source: State Institute of Statistics.

## Rules and Disciplines

The CUD contains articles on the harmonization of commercial legislation regarding safeguard measures, competition policy, state aids, intellectual and industrial property rights, technical barriers, and government procurements.

### *Antidumping and Safeguard Measures*

The EU–Turkey CUD offers rapid liberalization of trade for industrial commodities. But there are loopholes in the liberalization provided through antidumping procedures and safeguard measures that are mentioned in Articles 38, 44, and 63 of the CUD. Article 38 specifies that as long as a particular practice is incompatible with the competition rules of the customs union as specified in Articles 32–34 of the CUD, and “in the absence of such rules if such practice causes or threatens to cause serious prejudice to the interest of the other Party or material injury to its domestic industry,” the European Community or Turkey may take the appropriate measures. Article 44 allows anti-dumping actions as long as Turkey fails to implement effectively the competition rules of the customs union and other relevant parts of the *acquis communautaire*. In those cases, Article 47 of the Additional Protocol signed in 1970 between Turkey and European Community will remain in force. Finally Article 63 is about safeguards that offer another loophole in the liberalization. The article states that safeguard measures, as specified in Article 60 of the Additional Protocol, will remain valid. According to the latter article, the European Community (or Turkey) may take necessary protective measures if serious disturbances occur in a sector of the economy of the European Community (or Turkey) or prejudice the external financial stability of one or more member states (or Turkey), or if difficulties arise which adversely affect the economic situation in a region of the European Community (or Turkey).

### *Competition Policies*

The EU–Turkey CUD required the adoption of the EU competition rules by January 1, 1996. In preparation for the customs union, Turkey passed the competition law in 1994. The key provisions of this law are based on the EU competition law: agreements, decisions and concerted practices in constraint of competition, abuse of dominant position, and mergers and acquisitions. The competition authority responsible for the implementation and the enforcement of the prohibitions set out in the law started operating in October 1997. In Turkey, the Competition Board has been granted substantial powers. It may open investigations and impose penalties.

So far, the Competition Board has granted block exemptions for certain categories of agreements, and has published communiqués on mergers and acquisitions. Actions against restrictive business practices have just started (WTO 1998).

Studies on the Turkish economy indicate that concentration in the Turkish manufacturing industry is relatively high by international standards, that state economic enterprises (SEE), despite all efforts of privatization, still play a significant role in the economy, and that Turkey's state aid system is generous. All of these aspects will change with effective implementation of competition policies. Concentration ratios will decrease with privatization, the share of SEEs in Turkish economy will decline, and Turkey's state aid system will become compatible with the EU rules. Noting that the Competition Board is to consider issues related not only to issues discussed above, but also with regulation of natural monopolies, privatization and public procurements, it seems that Turkey has a long way to go to effectively implement the competition policies.

### ***Intellectual, Industrial, and Commercial Property Rights***

Besides competition policies, the CUD has clauses on intellectual, industrial, and commercial property rights. Article 31 and Annex 8 of the CUD require Turkey to insure adequate and effective protection and enforcement of intellectual property rights, and to implement the Uruguay Round agreement on "Trade Related Aspects of Intellectual Property Rights" (TRIPS) by 1999. Furthermore, Turkey had to adopt, by January 1, 1999, legislation to secure the patentability of pharmaceutical products and processes. Regarding copyright, the agreement requires that piracy, such as counterfeiting or bootlegging, be effectively banned. In addition, Turkey had to accede to various conventions such as the "Patent Cooperation Treaty," the Berne convention on "Protection of Literary and Artistic Works," the Nice agreement concerning the "International Classification of Goods and Services for the Purpose of Registration of Marks," the protocol relating to the Madrid agreement on "International Registration of Marks," and the UPOV convention on "Protection of New Varieties of Plant."

New patent, copyright, trademark, and industrial design laws came into effect in June 1995. According to these laws, infringement of patents, copyrights, trade marks, industrial designs and geographical indicators can be challenged in a domestic court of law. Foreign nationals can challenge Turkish and foreign patent holders in Turkish courts. Efforts are underway to educate businesses, consumers, judges, and prosecutors regarding the implications of this law. The government in Turkey intends to establish a number of special courts to hear intellectual property-related cases under the new laws.

### ***Technical Barriers***

Technical barriers exist when countries impose certain standards as conditions for entry, sale, and use; have different legal regulations on health, safety, and environmental protection; and have different procedures for testing and certification in order to ensure conformity to existing regulations or standards. The Euro-



pean Community approach to removing technical barriers rests on the principle of harmonization of national legislation, where uniform standards are set for all member countries. There are basically two approaches to harmonization. The "old approach" incorporates all the technical details of the mandatory requirements in a directive. Under the "new approach," essential policy requirements for particular products are set out, while the development of technical standards conforming to the requirements has been entrusted to standardizing bodies. Moreover, in 1989, the European Community put in place the "global approach to testing and certification," which sets principles for conformity assessment. The global approach is based on mutually acceptable auditing procedures. Goods manufactured pursuant to the requirements of the global approach are permitted to display a generic mark of conformity—the "CE" mark. All goods displaying that mark are entitled to circulate freely within Europe, and are exempted from further conformity assessment by an importing nation. In the case of trade with third countries, mutual recognition arrangements (MRA) were developed to allow competent third-country assessment bodies to take part in the EU's conformity assessment activities. Under an MRA, each party is given authority to test and certify products against the regulatory requirement of the other party, in its own territory and prior to export. MRAs do not require prior harmonization of each party's requirements.

According to the stipulations of the CUD, the EU rules and regulations in the standards area will become legally effective in Turkey by the year 2001. After 2001, free circulation of goods must be admitted on the basis of the European Community accord. Article 8 of the CUD reads as follows: "Within five years from the date of entry into force of this decision, Turkey shall incorporate into its internal order the Community instruments relating to the removal of technical barriers to trade. . . . The Parties stress the importance of effective cooperation between them in the fields of standardization, metrology and calibration, quality, accreditation, testing and certification." Article 9 of the CUD states: "When Turkey has put into force the provisions of the Community instrument or instruments necessary for the elimination of technical barriers to trade in a particular product, trade in that product between the Contracting Parties shall take place in accordance with the conditions laid down by those instruments, without prejudice to the application of the provisions of this decision." The Decision 2/97 of the European Community–Turkey Association Council established the list of European Community instruments relating to the removal of technical barriers to trade and the conditions and arrangements governing their implementation by Turkey. According to this decision, any instrument corresponding to an EEC or European Community regulation shall be made part of the internal legal order of Turkey. On the other hand, in the case of instruments corresponding to an EEC or European Community directive, Turkish authorities will be free to determine the form and methods of how to incorporate the directive into internal legal order of Turkey.

In Turkey, the Turkish Standards Institute (TSE) sets the standards for products. It is a non-governmental organization established in 1960. After 1993, the TSE started to adopt and harmonize its standards with those of the EU. By now, 90 percent of the EU standards have been adopted as Turkish standards (WTO 1998). Recognition of testing procedures has been assured by mutual agreements concluded between Turkey and the EU member states. Furthermore a National Quality and Accreditation Control body was established in 1995 under the chairmanship of TSE. Recently, the law establishing an independent accreditation council working in accordance with the EU practices has been enacted. The aim is to ensure the acceptance of Turkish laboratories, testing, and certification bodies by the EU.

### ***Public Procurements***

Public purchasing is often used by governments as a policy instrument to support national or regional firms or industries for strategic reasons, to support employment in declining industries, and to support emerging high technology industries.

The customs union recognizes the importance of public procurements, but it does not specify any specific arrangements. Article 48 of the CUD states that a date for the initiation of negotiations aiming at the mutual opening of the respective government procurement markets will be set. Since June 1996, Turkey has participated as an observer in the WTO Committee on Government Procurement. Over time, Turkey is expected to sign a bilateral agreement with the EU on public procurement, to join the WTO Agreement on Government Procurement, and to align Turkish legislation to that of the European Community.

### ***Cooperation***

Two issues are discussed under cooperation: customs procedures, and research and development.

### ***Customs Procedures***

Article 28 of the CUD requires that Turkey adopts the EU customs provisions in the fields of customs valuation of goods, introduction of goods into the territory of the customs union, customs declaration, release for free circulation, suspensive arrangements and customs procedures with economic impact, movement of goods, customs debt, and right of appeal. In order to comply with the CUD, Turkey recently enacted a new customs law. According to the new law, customs declarations may be submitted by means of data processing techniques. Importers have the possibility of submitting an invoice instead of a manifest. Furthermore, the format of the Turkish customs declaration has been aligned to the single administrative document used in the EU for customs procedures.

### ***Research and Development***

While the principle aim of completing the European common market is the removal of barriers to the free movement of goods and factors, a secondary aim is the enhancement of dynamic efficiency through cooperative research and development (R&D) arrangements to be coupled with tough competition.

The Turkey–EU CUD is silent on the issue of Turkey’s participation in the EU’s cooperative R&D arrangements. Recently, Israel signed an agreement with the EU on scientific and technical cooperation. This agreement allows Israeli research entities to participate in all the specific programs of the fourth framework program (except nuclear energy) and in the activities of the Joint Research Center. According to the agreement, Israel will contribute to the budgets of the programs adopted for the implementation of the Fourth Framework Program on the basis of the ratio of Israel’s GDP to that of the member states of the EU. In the case of Turkey, the aim is to sign in the near future an agreement with the EU similar to that signed between the EU and Israel.

### **Conclusion**

At the Helsinki meeting of December 10–11, 1999, the European Council took a number of decisions marking a new stage in the enlargement process. The council noted with satisfaction the progress that has been achieved in accession negotiations with Cyprus, Hungary, Poland, Estonia, the Czech Republic, and Slovakia, and decided to begin negotiations with Romania, Slovakia, Latvia, Lithuania, Bulgaria, and Malta on the conditions for their entry into the European Union. In the case of Turkey, the council decided that Turkey is a candidate state destined to join the union on the basis of the same criteria as applied to other candidate states. Turkey, like other candidate states, will benefit from a pre-accession strategy to stimulate and support its reforms.

The Helsinki Council emphasized that compliance with the Copenhagen criteria is the basis for accession to the European Union. The Copenhagen European Council had established political and economic criteria for membership. On the political front, the conditions for membership are that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights, and respect for and protection for minorities. In the economic area, the conditions are existence of a functioning market economy, and the capacity to cope with competitive pressure and market forces within the European Union.

Following Baldwin (1994), the conditions for the EU membership can be summarized under eight headings: (1) free movement of goods, services, and factors of productions within the EU; (2) adoption of the EU’s common external tariff and trade policy vis-à-vis the third countries; (3) harmonization of commercial legislation; (4) adoption of the EU’s CAP; (5) participation in the European Mon-

etary Union (EMU); (6) a supranational appellate system to enforce consistent application of European Community law throughout the EU; (7) open government procurement; and (8) common policy promoting the disadvantaged regions by structural spending.

Turkey, by forming the customs union with the EU, has satisfied the first condition partially. Tariff adjustment for goods trade has been achieved except for some 290 products at the 12-digit level. The tariff rates on these products, referred to as “sensitive items,” will be reduced to the EU’s CET rates by January 1, 2001. The CUD is silent on the issues of free movement of services and factors of production. The second condition of membership will be completely satisfied by the year 2001. Despite the enormous achievements, the major task facing Turkey over the next few years still lies in the approximation of laws, adoption of the *acquis communautaire*, and effective implementation of these rules.

The components that are of concern to the EU on the economic front are funds that the applicant countries will receive from the European Community budget through the CAP and structural funds, the contribution by the applicant countries to the European Community budget and, thus, the net cost of the applicant country’s membership to the EU.

Consider first the problems associated with the adoption of CAP. In the case of CEE countries, the European Commission estimated that the implementation of the CAP would cost the EU €11 billion annually by 2005, of which direct payments (i.e., arable payments and animal premia) would make out close to €7 billion, and the accompanying measures (agri-environmental action program, afforestation and early retirement) €1.5 billion. Market support measures (essentially intervention and export refunds) for the ten CEE countries would cost up to €2.5 billion. Next, consider the issues related with structural funds. These are transfers from Brussels to poorer member states and regions. The funds are aimed at encouraging greater economic and social cohesion. About half of structural funds is channeled into low-income regions defined as the regions with per capita incomes less than 75 percent of the EU average. The funds are used to improve infrastructure in the low-income regions and to provide local training. The study by Courcène et al. (1993) asserted that Portugal and Greece are likely to receive €400 per capita in the future. Using this approach, the CEE countries would annually receive substantial amounts from in European Community funds, since these countries are poorer than Portugal and Greece. Regarding the budget revenues of the EU, we note that the revenues consist of receipts based on national VAT and tariff revenues, variable duties, and GNP contributions. These revenues are supposed to form 1.27 percent of the European Union’s total GNP. Using this fraction, the contribution of CEE countries could be calculated. The amount obtained is relatively small compared to the amounts the CEE countries are to receive from the European Community under the CAP and structural funds.

The estimates presented are rather rough. But one aspect is clear. The CEE and Baltic countries would impose a large burden on the EU taxpayers if they were to enter under the current rules on CAP and structural funds. According to Baldwin (1997), the burden of admitting the CEE countries into the EU would increase the EU's budget of €82.4 billion in 1997 by about one-third. Admitting Turkey into the EU would increase the budget expenditure even further. The figures are large sums for the European Community. If the EU intends to admit these countries as new members, then either the budget revenues have to be increased considerably, or the rules on "structural funds" and "price support under CAP" will change in the EU.

Over the last twenty-five years, Turkey has suffered from high inflation rates. Recently, the Turkish authorities decided to embark on a stabilization program designed to free the country from high inflation and restore macroeconomic fundamentals. Turkey agreed to observe budgetary discipline in order to attain price stability and institute structural reforms including privatizing the energy and telecommunications sectors, reforming the banking sector, and reforming the system of agricultural support prices. On December 22, 1999, the IMF approved a three-year stand-by credit for Turkey in an amount of about US\$4 billion. If price stability can be attained and budgetary discipline introduced, the country may participate in the EMU over the next decade by fulfilling the Maastricht criteria.

The above considerations reveal that the customs union is progressing satisfactorily between the countries. Once harmonization of commercial legislation regarding competition policy, state aids, and technical barriers is achieved, and the laws are effectively implemented, the non-tariff barriers to trade between the countries will be eliminated to a very large extent. The major tasks facing Turkey over the next few years lie in the approximation of laws, adoption of the *acquis communautaire*, effective implementation of these rules, aligning agricultural policies to those that will prevail over the next decade in the EU, opening up of service and public procurement markets, attaining price stability, and lastly, accepting the supranational appellate system of the EU that will enforce consistent application of European Community law throughout the European Union.

## References

- Baldwin, R.E. 1994. *Towards an Integrated Europe*. London: Center for Economic Policy Research.
- Baldwin, R., J. François, and R. Portes. 1997. "The Costs and Benefits of Eastern Enlargement: The Impact on the EU and Central Europe." *Economic Policy*.
- Courchene, T., et al. 1993. "Stable Money—Sound Finances: Community Public Finance in the Perspective of EMU." *European Economy*, no. 53.
- European Commission. "Agenda 2000: For a Stronger and Wider Europe." Brussels.

- Harrison, G., Rutherford, and D. Tarr. 1996. "Economic Implications for Turkey of a Customs Union with the European Union." Washington, DC: World Bank Policy Research Working Paper, no. 1599.
- Hartler, C., and S. Laird. 1999. "The EU Model and Turkey: A Case for Thanksgiving?" *Journal of World Trade* 33.
- Togan, S. 1997. "Opening up the Turkish Economy in the Context of the Customs Union with the EU." *Journal of Economic Integration* 12: 157–79.
- World Trade Organization. 1998. *Trade Policy Review—Turkey*. Geneva: WTO.